

Health Insurance Options

For People
on Medicare
due to Disability
Benefits



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Seniors' Health Insurance Information Program
North Carolina Department of Insurance

A Message From Your Insurance Commissioner, Jim Long

The purpose of this brochure is to provide disabled consumers with information regarding health insurance options and assistance programs available in North Carolina. These options can be confusing because they will vary depending on your health condition, income and resources. We hope you will be able to use this overview as a source in identifying possible solutions and services to assist you with your disability.

The Department of Insurance is available to assist Medicare beneficiaries through our Seniors' Health Insurance Information Program (SHIIP). Assistance is available by calling the SHIIP toll-free line at 1-800-443-9354 or visiting the SHIIP Web site at www.ncshiip.com.



How do I become eligible for Medicare if I am disabled?

Before you can receive Medicare, you must apply, be approved and have received Social Security Disability Insurance (SSDI) for a period of time. You can apply for disability benefits at your local Social Security office, apply online at www.socialsecurity.gov or call toll free (800) 772-1213 or (800) 325-0778 (TTY) to make an appointment to file an application.

In most situations, before an individual can receive Social Security disability, a date of onset must be established. In addition, a five-month waiting period must be served before a person is entitled to Social Security disability cash payments. Once you have been entitled to disability for 24 months after that waiting period (five months plus 24 months equals 29 months total) and you are younger than 65, you are eligible for Medicare disability if:

- you have been entitled to Social Security disability benefits for 24 months. This includes widows, widowers and children who receive benefits because of disability; or
- you receive a disability annuity from the railroad retirement board and meet certain conditions; or
- you have worked long enough in a government job where Medicare taxes were paid and you meet the requirements of the Social Security disability program.

If you have permanent kidney failure, you are eligible for Medicare at any age. This is true if you receive maintenance dialysis or kidney transplant and:

- you are eligible for or receive monthly benefits under Social Security or the railroad retirement system; or
- you are the dependent child or spouse (including a divorced spouse) of a worker (living or deceased) who has worked long enough under Social Security or in a government job where Medicare taxes were paid.

When will my Medicare begin?

In most situations, you can receive Medicare disability benefits once you receive Social Security disability insurance benefits for 24 months. Medicare disability coverage begins the 25th month. The 24-month period begins the month you are entitled to receive Social Security disability benefits. In some cases this could be earlier than the month you receive your first disability benefit check.

A person who has ALS (Lou Gehrig's Disease) and is under age 65 can get Medicare benefits the first month he or she is entitled to SSDI or railroad retirement disability benefits. If you have ESRD (End Stage Renal Disease), you are eligible for Medicare benefits:

- the first month you start to administer a regular course of dialysis treatment after receiving self-care training, or
- the fourth month you receive treatment at a dialysis center (period of non-coverage is called qualifying or waiting period), or
- the month the transplant is done or the month of hospitalization as an inpatient up to two months before the transplant, if pre-transplant testing has begun.

How do I enroll in Medicare?

Automatic Enrollment Period

A person receiving SSDI for the required time period is automatically enrolled in Medicare Part A (hospital insurance) and Medicare Part B (medical insurance). Beneficiaries should receive a Medicare card in the mail a few months before they become eligible. This will notify beneficiaries of their automatic enrollment in Medicare Part A and Medicare Part B. If you do not receive this card, you should contact the Social Security office as you approach Medicare eligibility.

Medicare Part A is usually premium-free for everyone. If you have worked less than 40 quarters, the premium is based on the number of quarters worked. For Medicare Part B there is a monthly premium which is usually deducted from your Social Security check. A person has the option to turn down Medicare Part B. The monthly Part B premium can change annually.

If you are a beneficiary or your spouse is actively working for an employer that is providing a large group health plan (LGHP), you may be able to continue the LGHP coverage if you or your spouse's employer has 100 or more employees. In this situation you will be able to delay enrollment in Medicare Part B. If you are going to delay your enrollment in Medicare Part B, you should meet with the Social Security representative or call (800) 772-1213 or (800) 325-0778 (TTY).

Special Enrollment

If you are an individual on Medicare disability who is younger than 65 and is covered under a GHP either from your own or your spouse's current employment, you have a "special enrollment period" in which to sign up for Medicare Part B. This means that you may delay enrolling in Medicare Part B without having to wait for a general enrollment period or pay the 10 percent penalty for late enrollment. The rules allow you to:

- enroll in Medicare Part B any time while you are covered under the large group health plan; or
- enroll in Medicare Part B during the eight-month period that begins the first full month after

your employment or large group health plan coverage ends, whichever comes first.

If you do not enroll by the end of the eight-month period, you will have to wait until the next general enrollment period. This runs Jan. 1 through Mar. 31 of the next year. You will also have to pay a 10 percent penalty for each year you were not enrolled from the original point of Part B eligibility. To ensure there is no break in coverage, the best time to contact the Social Security office is at least one month before the final month of employment.



Should I consider purchasing Medicare Supplement Insurance (also known as Medigap)?

Yes. Medicare Part A and Part B will not cover 100 percent of all medical bills. Medicare supplement insurance assists with filling in some of the costs that are not covered by Medicare Part A and Part B. Medicare supplement plans are standardized to be the same from one insurance company to another, but the monthly premiums vary by company.

If you have a large group health plan, you will want to compare it with a Medicare supplement insurance plan to see which will provide the best coverage compared to the cost. The regulations regarding Medicare supplement insurance are different for beneficiaries on Medicare disability.

What is the open enrollment period?

The open enrollment period is six months from the date a beneficiary is enrolled in Medicare Part B. During the open enrollment period, a person under 65 and on Medicare disability is only able to purchase Medicare supplement insurance Plans A, C or J. This is a special North Carolina law.

During the open enrollment period, the applicant is guaranteed to be issued a policy. Premiums may be higher for Medicare disability beneficiaries than for Medicare beneficiaries 65 or older. The insurance company may impose a pre-existing condition waiting period, but it cannot be longer than six months. This would include any health condition diagnosed or treated six months prior to the Medicare supplement application. If a person has prior creditable coverage, the waiting period must be waived. Creditable coverage is when the beneficiary has been covered by insurance or Medicaid for six months prior to the effective date of the Medicare supplement insurance policy. When a Medicare disabled beneficiary turns 65 years old, he or she will have a new six-month open enrollment period and be able to purchase any of the standardized Medicare supplement insurance Plans A-J.



What options do I have if I miss the open enrollment period?

If you were unable to take advantage of the open enrollment period for purchasing a Medicare supplement Plan A, C or J, there are two companies in North Carolina who will consider selling Medicare supplement insurance policies to disabled beneficiaries. There may be limitations, however, since these companies may ask you health questions and the premiums may be unaffordable. The companies are not required to sell you a policy.

To receive a list of all companies that sell Medicare supplement insurance policies call the Seniors' Health Insurance Information Program (SHIIP) at 1-800-443-9354 and request a copy of the *SHIIP Medicare*

Supplement and Medicare Advantage Comparison Guide or visit www.ncshiip.com to access the *SHIIP Medicare Supplement Premium Comparison Database*.

What is Medicare Advantage, and how does it work?

Medicare Advantage plans provide managed care and alternative health insurance programs to all Medicare beneficiaries. Medicare Advantage is offered in North Carolina, and depending on where you live, you may have the option of joining a Health Maintenance Organization (HMO), a Preferred Provider Organization (PPO) or a Private Fee For Service Plan (PFFS).

To use a Medicare Advantage plan, the beneficiary must be enrolled in Medicare Part B. During the six-month open enrollment period, Medicare Advantage must accept all Medicare beneficiaries unless they have End Stage Renal Disease (ESRD). There are no waiting periods or pre-existing conditions. Some plans limit the number of members.

In general, Medicare Advantage plans may or may not charge a monthly premium and have copayments for doctor's visits, prescription drugs and other services. It is important to know:

- HMO beneficiaries are required to receive all non-emergency services from the HMO network of providers (doctors, hospitals, etc.). HMOs require a referral from a primary physician for specialized medical services. As of December 2004, North Carolina has two HMO Plans that operate in a combined total of 25 counties.
- PPO beneficiaries have a network of providers similar to an HMO but do *not* require referral from a primary physician for specialized medical services. Usually, higher out-of-pocket expenses exist if a beneficiary goes outside of the network for medical services as of March 2004. As of December 2004, North Carolina has one PPO Plan that operates in 17 counties.
- PFFS beneficiaries can go to any Medicare-approved

provider that is willing to give you care and accepts the terms of your plan's payment. You should check to make sure that your doctor and hospital will accept a PFFS Plan. You can get service outside your service area. The insurance plan, rather than the Medicare Program, decides how much it will pay and what you will pay for the services you get. As of December 2004, North Carolina has two PFFS Plans. At least one PFFS Plan operates in every county.

If a Medicare Advantage plan leaves a service area or if you move outside the coverage area, you are guaranteed the purchase of a Medicare supplement plan. If you are younger than 65, you may purchase Medicare supplement Plans A or C on a guarantee issue insurance basis. However, you must apply for a Medicare supplement insurance policy within 63 days of the plan's termination date for the guarantee issuance provisions to apply. To obtain information on Medicare Advantage plans offered in North Carolina, contact SHIIP to receive a copy of the *SHIIP NC Medicare Advantage Benefits Comparison Chart*.

Will I be able to participate in the Medicare Prescription Drug Discount Card and Transitional Program?

Yes. Since May 2004, people with Medicare have the option of purchasing a Medicare-approved prescription drug discount card offered in North Carolina. There is an annual enrollment fee of up to \$30. Medicare-approved prescription drug discount cards will end on Dec. 31, 2005, in the wake of the new Medicare Prescription Drug Coverage that will begin Jan. 1, 2006.



People with low incomes may qualify for \$600 to help pay for their prescription drugs. Those who qualify will not have to pay an annual enrollment fee. People who have drug coverage from Medicaid, TRICARE for Life or an employer group health plan will not qualify for the \$600 benefit. Contact SHIP to receive a list of the companies selling prescription drug discount cards in North Carolina or to receive the booklet *Prescription Drug Resources: A Guide for Medicare Beneficiaries*.

What should I know if I have an Employee Group Health Plan (EGHP)?

As a Medicare disabled beneficiary, you can be covered by an employee group health plan based on your employment or your spouse's employment. If you or your spouse is actively working and the employer has 100 or more employees, the EGHP will be primary (pays first), and Medicare will be secondary (pays second).

If you or your spouse is retired or not working and have EGHP coverage, Medicare will be primary, and the EGHP will be secondary.

Some companies may require Medicare to become primary when a person turns 65. If you are actively working and there are more than 20 employees, the company can not do this.

A person who is covered by an EGHP may not need a Medicare supplement insurance policy. An EGHP would serve as one's supplement in lieu of an individual Medicare supplement. However, a person should compare the EGHP with the Medicare supplement insurance plan to determine which would provide the best coverage for the cost. EGHPs are not standardized so verify with the company's benefits specialist what your EGHP coverage includes, how it covers someone on disability and how it works with Medicare.

Are there any Medicaid programs available to give me some assistance?

Regular Medicaid

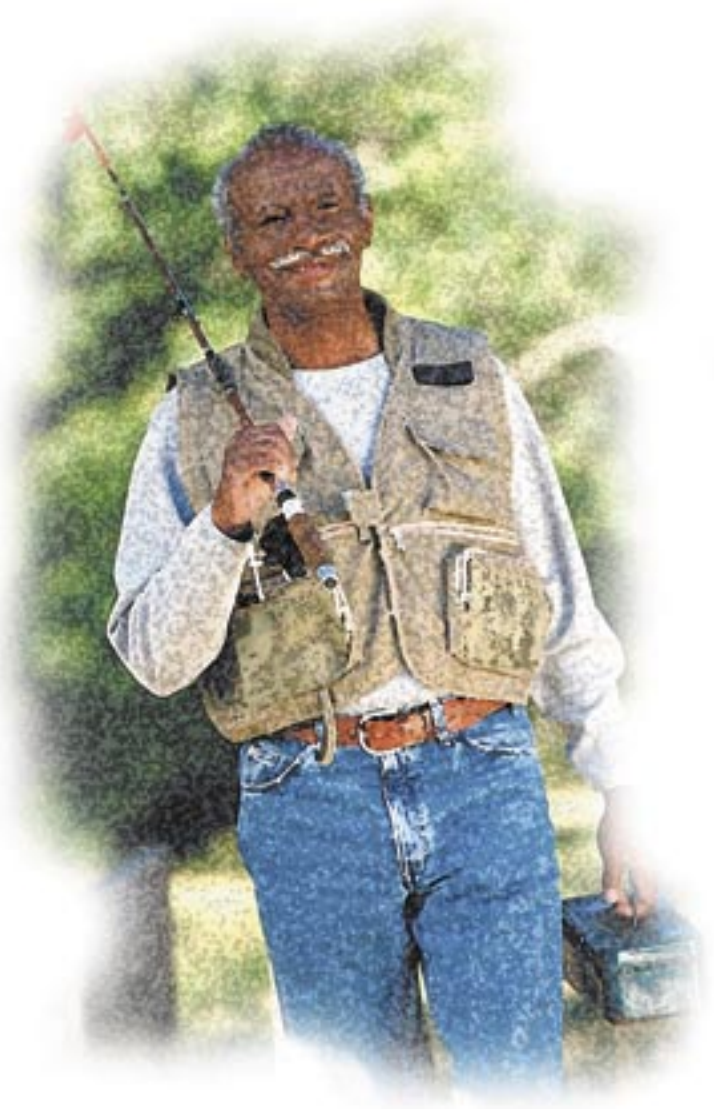
Regular Medicaid (also known as Full Medicaid or Blue Card Medicaid) provides minimum medical services. Eligibility for Regular Medicaid is different depending on

whether you are categorically needy or medically needy and based on income and reserves. Income and reserve limits change annually on April 1. To receive additional information or to apply for Regular Medicaid, contact your county Department of Social Services (DSS) office.

Medicare Savings Programs

Medicare Savings Programs for Medicare beneficiaries who have limited resources and income are designed to assist with paying for expenses associated with Medicare. To be eligible for these programs, you must be enrolled in Medicare Part A and Part B and your income and resources must fit into the program's guidelines. If you exceed these limits, even by one penny, you are not eligible for the program. If you qualify for these programs, there is no cost to you.

To be eligible for these programs, your resources (money in checking or savings accounts, stocks or bonds) must be less than \$4,000 for an individual and \$6,000 for a married couple. Resources do not include home, household



belongings, one car and burial assets. Income limits will vary depending on the program and usually change annually.

A person can apply for these programs at any time by contacting your county Department of Social Services. In North Carolina there are three Medicare Saving Programs. They are:

- **QMB (Qualified Medicare Beneficiary)** also known as **MQB-Q (Medicare Qualified Beneficiary – Q Class)** in North Carolina. QMB/MQB-Q pays for Medicare Part A monthly premium (if any), Medicare Part B monthly premium and coverage for all Medicare deductibles and coinsurances.
- **SLMB (Specified Low-Income Medicare Beneficiary)** also known as **MQB-B (Medicare Qualified Beneficiary – B Class)** in North Carolina. SLMB/MQB-B only pays the Medicare Part B monthly premium.
- **QI-1 (Qualified Individual 1)** also known as **MQB-E (Medicare Qualified Beneficiary – E Class)** in North Carolina. QI-1/MQB-E pays for Medicare Part B monthly premium. Funding for this program is limited; and once funding is exhausted for the program year, no one else will be eligible. All applicants must re-apply for the program each calendar year.

Nursing Home Medicaid

In North Carolina, Medicaid is one of the primary sources of payment for nursing home care. Medicaid's nursing facility benefits are designed to assist beneficiaries who have limited income and resources with the catastrophic cost of extended nursing care. Eligibility is based on income and resources. Do not confuse nursing facility assistance with rest home assistance. These are different programs with different eligibility requirements. For additional information contact your county DSS office.

Community Alternative Program

Community Alternative Program (CAP) provides a wide range of medical and social services to beneficiaries in their homes. This program allows adults to remain at home instead of entering a nursing facility if the cost of their in-home care service is less than the cost of the nursing facility. Eligibility is based on income and resources. For additional information contact your local DSS office.

What health insurance options are available for people with disabilities who are not eligible for Medicare?

• Individual Health Insurance

You may be able to purchase individual health insurance from a private company; however, it will be expensive and you could be denied coverage due to health conditions. To get information about individual health insurance, call the North Carolina Department of Insurance Consumer Services Division at 1-800-546-5664 or visit the Web site at www.ncshiip.com/Consumer/Publications.asp, then select "Health Insurance and Managed Care" to view a copy of the *List of Individual Health Insurers* and/or *A Consumer's Guide to Health Insurance*.

• COBRA (Consolidated Omnibus Budget Reconciliation Act)

COBRA requires that employers with 20 or more employees provide (under certain conditions) group health coverage for employees and dependents for a period of time after their group health plan's eligibility ends. You may have the right to COBRA coverage if you lose your job, your working hours are reduced or you are a spouse or dependent of a covered employee and lose coverage due to a qualifying event. Contact SHIIP to receive a copy of *COBRA Coverage and Medicare*.



Seniors' Health Insurance Information Program (SHIIP)

SHIIP is a consumer information division of the North Carolina Department of Insurance that assists senior citizens with Medicare, Medicare supplement insurance, Medicare Advantage and long-term care insurance questions.

SHIIP provides education and assistance to North Carolinians by:

- operating a toll-free consumer information phone line, (800) 443-9354, Monday through Friday from 8 a.m. to 5 p.m. NCDOI TDD number (919) 715-0319 or NC TDD number (800) 735-2962;
- training volunteer senior citizens to counsel other seniors, people with disabilities or caretakers in all 100 counties in North Carolina about Medicare, Medicare supplement, Medicare Advantage and long-term care insurance;
- creating educational materials for consumers;
- responding to emails at shiip@ncdoi.net; and
- operating a SHIIP Web site at www.ncshiip.com.

Other Resources

Medicare

(800)-MEDICARE (800-633-4227)
(877) 486-2048 (TTY)
www.medicare.gov

Social Security Administration

(800) 772-1213
(800) 325-0778 (TTY)
www.socialsecurity.gov

County Department of Social Services

Look up the telephone number in the telephone book blue pages section under county government or visit the North Carolina Division of Social Services County List at www.dhhs.state.nc.us/dss/cty_cnr/dir.htm.



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